

# TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

\*FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

01-007

2. STATE:

ALABAMA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TITLE XIX OF THE SOCIAL SECURITY ACT

4. PROPOSED EFFECTIVE DATE

January 1, 2002

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 C.F.R. 430 Subpart B

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 3.1-A pgs 7 and 7.16  
Attachment 4.19-A pg1

7. FEDERAL BUDGET IMPACT:

a. FFY 02 \$ 4,900,000.00

b. FFY 03 \$ 4,900,000.00

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Same

10. SUBJECT OF AMENDMENT:

This amendment is intended to add coverage for inpatient psychiatric facility services for individuals under age 21 when provided in a psychiatric residential treatment facility that meets the requirements of 42 CFR, Part 441, Subpart D, and Part 483, Subpart

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Governor's designee on file  
via letter with HCFA

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Mike Lewis*

13. TYPED NAME:

Mike Lewis

14. TITLE:

Commissioner

15. DATE SUBMITTED:

September 12, 2001

16. RETURN TO:

Mike Lewis  
Commissioner  
Alabama Medicaid Agency  
501 Dexter Avenue  
Post Office Box 5624  
Montgomery, AL 36103-5624

## FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

September 24, 2001

18. DATE APPROVED:

October 24, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2002

21. TYPED NAME:

Eugene A. Cresser

20. SIGNATURE OF REGIONAL OFFICIAL:

Associate Regional Administrator  
Division of Medicaid and State Operations

23. REMARKS:

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE  
AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

**Effective Date: 01/01/02**

b. Nursing facility services.

☒ Provided: ☐ No limitations ☒ With limitations\*  
☐ Not provided.

15. Intermediate care facility services (other than such services in an institution for mental diseases) for persons determined, in accordance with section 1902(a)(31)(A) of the Act, to be in need of such care.

☒ Provided: ☐ No limitations ☒ With limitations\*  
☐ Not provided.

16. Patient psychiatric facility services for individuals under 22 years of age.

☒ Provided: ☐ No limitations ☒ With limitations\*  
☐ Not provided.

17. Nurse-midwife services.

☒ Provided: ☐ No limitations ☒ With limitations\*  
☐ Not provided.

18. Hospice care (in accordance with section 1905(o) of the Act).

☒ Provided: ☐ No limitations ☒ With limitations\*  
☐ Not provided.

\*Description provided on attachment.

Limitations of Services

16. **Inpatient psychiatric facility services for individuals under 21 years of age.**

**Effective Date: 01/01/02**

Inpatient psychiatric facility services for individuals under 21 years of age are unlimited if medically necessary and the admission and continued stay reviews meet the approved psychiatric criteria. These days do not count against the inpatient benefit limitations for acute care hospitals. Services may be provided in a hospital or in a psychiatric residential treatment facility that meets the requirements in 42 CFR, Part 441, Subpart D, and Part 483, Subpart G. Detailed information regarding covered services and provider eligibility appears in Chapter 41 of the Alabama Medicaid Agency Administrative Code. Services are limited to recipients under 21 years of age, or if the recipient was receiving services immediately before he reached age 21, to the earlier of the date the recipient no longer requires the services, the date he reaches age 22, or the expiration of covered days.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE OF ALABAMA

METHOD FOR PAYMENT OF REASONABLE COSTS INPATIENT HOSPITAL SERVICES  
AND PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES (PRTF)

I. GENERAL PRINCIPLES

**Effective Date: 01/01/02**

Inpatient reimbursement rates, including payment for psychiatric services for individuals under 21 and over 65 years of age, and for psychiatric residential treatment services for individuals under age 21, are calculated from cost reports filed in accordance with this plan. The rates will be each facility's reasonable costs per day as determined by the method as outlined herein. Payment for transplant service is exempt from Sections I-VIII of this Plan (see Section XX).

II. DEFINITIONS

(a) Cost Report: A report which details, for purposes of Medicaid reimbursement, the cost of rendering covered services for the fiscal reporting period. The Medicaid Uniform Cost Report contains the forms utilized in filing said cost report.

(b) Accrual Method of Accounting: For Medicaid cost reporting purposes, an allocating of revenues and expenses to the accounting period in which they are incurred. This must be done regardless of when cash is received or disbursed.

(c) Allowable Costs: Costs of services incurred by an efficiently and economically operated hospital or PRTF which are not otherwise disallowed by the reimbursement principles established in Chapter 23 Hospital Reimbursement Program of the Alabama Medicaid Agency Administrative Code. These principles are a set of rules, regulations, laws, and interpretations which provide direction as to the allowability of costs incurred by hospitals or PRTF for the inclusion of these costs in their Medicaid inpatient reimbursement rates. These rules, regulations, laws, and interpretations are promulgated by the Alabama Medicaid Agency, and are, in part, based on generally accepted accounting principles and regulations required of the Alabama Medicaid Program by various federal and state laws and regulations.

(d) Reasonable Costs: Necessary and ordinary costs related to patient care which a prudent and cost-conscious hospital or PRTF would pay for a given item or service.

(e) Educational Costs: Reasonable costs of approved educational programs of study which have been certified by an appropriate federal, state, or other regulatory body.

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TN No. AL-01-07

Supersedes

TN No. AL-97-01

Approval Date OCT 24 2001

Effective Date 1/01/02